

MINUTES

MONTANA SENATE 58th LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS AND LABOR

Call to Order: By **VICE CHAIRMAN MIKE SPRAGUE**, on January 15, 2003 at 9:03 A.M., in Room 422 Capitol.

ROLL CALL

Members Present:

Sen. Dale Mahlum, Chairman (R)
Sen. Mike Sprague, Vice Chairman (R)
Sen. Sherm Anderson (R)
Sen. Vicki Cocchiarella (D)
Sen. Kelly Gebhardt (R)
Sen. Ken (Kim) Hansen (D)
Sen. Sam Kitzenberg (R)
Sen. Don Ryan (D)
Sen. Carolyn Squires (D)

Members Excused: Sen. Bob Keenan (R)
Sen. Glenn Roush (D)
Sen. Fred Thomas (R)

Members Absent: None.

Staff Present: Sherrie Handel, Committee Secretary
Eddy McClure, Legislative Branch

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: SB 40, 12/9/2002
Executive Action: SB 40

Before the hearing on SB 40 began, **VICE CHAIRMAN SPRAGUE** discussed the committee's policy on absentee voting. **SEN. MAHLUM** moved that members of this committee be allowed to vote in absentia by proxy, using a standard form, while engaged in other legislative business. The motion was carried unanimously with a 9-0 vote.

{Tape: 1; Side: A}

HEARING ON SB 40

Sponsor: SENATOR DALE MAHLUM, SD 35, MISSOULA

Proponents: Neil Peterson, Department of Revenue; Gene Huntington, Gambling Control; Mark Staples, Montana State Gambling Association

Opponents: None

Opening Statement by Sponsor:

SEN. MAHLUM said in his opening statement that the groundwork had been laid for SB 40 on the first of day of this legislature during the joint meeting of the Senate Business and Labor Committee with the House Business and Labor Committee. It's a recommendation for the liquor task force that will provide for minor changes in the law and allows for improvement in the liquor/gaming application. This bill unravels some of the bureaucratic process and streamlines the application process to make it as efficient as possible for the applicant and the departments that look at it. It clarifies and significantly lowers our cost in performing our investigations and provides for a broader and more accurate source of information. In order to continue to use the FBI database, the federal government is requiring all states to amend their current laws. SB 40 meets these requirements.

Proponents' Testimony:

Neil Peterson, Department of Revenue, offered written testimony, **EXHIBIT** (bus08a01).

Gene Huntington, Gambling Control Division, Department of Justice, appeared as a proponent of the bill. He offered testimony on the points in the bill that deal specifically with changes in his department's laws. It was started on a trial basis back in April; and, to date, the results from applicants, their employees and others have been positive. It has improved the efficiency of the process. There were a few things in existing statute that needed to be updated. Sections 9 and 10 deal with temporary authority, wherein the Department of Revenue can allow a new establishment to continue to operate while the licensing process is going forward. One of the prerequisites to get a gambling license is to have a liquor license. His department's practice has been to honor that temporary authority as a liquor license, so that as soon as they are done with their

gambling investigation, they can let the people also gamble. His department did not have clear authority to do that with the way the laws had been changed in recent years. Section 9 and 10 make it clear that this process is allowed. Section 8 deals with the restaurant beer and wine fee. When the restaurant, beer and wine licenses were authorized a few years ago and because his department does the financial review of the applicants, there was a provision put in to allow them to take 20 percent of the application to pay for what they do. With changes made in the last session, they can now get an appropriation out of that fund. Section 8 would have the fee go into the liquor enterprise fund and his department would have that amount appropriated out. He gave his support of the bill and urged the committee to pass SB 40.

Mark Staples, Montana Tavern Association, stated he had been asked by his colleagues from the Coin Machine Operators Association and the Gaming Industry Association to speak for the three associations and to lend their support to the bill.

Opponents' Testimony: None

Questions from Committee Members and Responses:

SEN. KITZENBERG asked **Mr. Peterson** to walk him through the process so he could get a sense of the time frame. **SEN. KITZENBERG** hypothetically went down to Virginia City to a garage sale to buy some boots. While he was down there, he saw a liquor license that was for sale. He bought the liquor license. He and his partner want to get it transferred to their name and start a casino. He wanted to know the time frame for doing so. **Mr. Peterson** answered that the application process for the gaming license is averaging around 80 days and the liquor portion is a few days longer. If everything in the combined application is completed, they can be approved in as little as 45 days. If they have to request information, it may take longer than the 90 days.

SEN. COCCHIARELLA shared that this is the eighth regular session she has come to and this is the first one she has come to without complaints from someone going through the process. She asked **Mr. Peterson** where people go to get fingerprinted. **Mr. Peterson** advised her that fingerprinting is available in all 56 counties at the sheriff or police stations or at a Department of Justice location. Some impose fees and some do not. She then asked him about the process for dropping a name from a license and was told it is a simple process.

SEN. GEBHARDT had further questions about the time line. He wanted to know if the Department of Revenue would wait the 80 or

so days to ask for further information and then make the applicant wait another 80 days. **Mr. Peterson** said the process is a constant review. Initially, when they get the application, the Department of Justice will contact the Department of Revenue and ask some questions. They inform the applicant as soon as possible if there is more information needed.

SEN. MAHLUM asked that **Mr. Peterson** explain what the term, "tolling" means. **Mr. Peterson** explained that tolling would be within that 90 days to get the application complete. After 45 days, if the applicant asks to stop it for whatever reason (maybe because they need to get more information) the department would stop the process at 45 days. Tolling would be that gap in time when the applicant is allowed to take care of whatever needs to be done. Then the time would start again when the applicant is ready.

Closing by Sponsor:

SEN. MAHLUM stated that this bill takes the complexity out of the application process for citizens of Montana involved in this type of business. He discussed fingerprinting and the need for it. He said SB 40 takes the frustration out of the process for citizens of Montana who want to become involved in the liquor or gaming industry. He expressed his belief that this is a good bill for the people of Montana.

EXECUTIVE ACTION ON SB 40

SEN. GEBHARDT moved **DO PASS** on **SB 40**. The vote was unanimous.

ADJOURNMENT

Adjournment: 9:36 A.M.

SEN. DALE MAHLUM, Chairman

SHERRIE HANDEL, Secretary

DM/SH

EXHIBIT (bus08aad)